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C O N F I D E N T I A L SECTION 01 OF 02 TEGUCIGALPA 000931

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SUBJECT: HONDURAN CONGRESS PASSES ALBA IN EMERGENCY SESSION

Classified By: Ambassador Hugo Llorens, reasons 1.4 (b & d)

11. (C) Summary. In an emergency session of Congress called October 9, the legislature acceded to the Bolivarian Alternative for the Americas (ALBA) agreement that was signed by President Manuel "Mel" Zelaya on August 25. The members added several "reservations" to the document, but it passed easily with the support of all Liberal Party members present, minus one, the Christian Democratic Party (CD), the Democratic Unification (UD) Party, and some of the National Innovation and Unity Party (PINU). Those who were against the agreement simply did not show up for the vote, or, in the case of the main opposition National Party, abstained. It appears that the vote was called before the primaries so members could exchange their support for "subsidies" for their campaigns. In the end, President of the Congress Roberto Micheletti, who was not present for the vote for medical reasons, earned the support of President Zelaya, who has now publicly endorsed his candidacy and pledged to join Micheletti on a campaign swing. Ironically, ALBA passage may have positive repercussions, by bringing Zelaya back into mainstream Honduran politics. End Summary.

12. (C) Secretary of the Congress Jose Saavedra called an emergency session on October 9 to consider Honduras' accession to ALBA. Many members were unable to make it back in time for the discussion and vote, so dozens of alternates attended the session and discussion did not actually begin until 2:30 p.m. Members of Congress from several parties complained that the report on the agreement (dicatmen) was not given to them until an hour before the vote took place. The Congress was surrounded by protestors demanding that the Congress pass ALBA. The press is reporting that protestors were paid 300 lempiras (less than USD 16) to show up. Presidential Legal Advisor Milton Jimenez warned PolCouns on October 8 that there would be many protestors, saying that the President had asked them to assemble at the Congress if they wanted the benefits of ALBA.

13. (U) The legislation specifically authorizes the GOH to sell USD 100 million in bonds to Venezuela, with proceeds to be used to build low-income housing, to obtain a further USD

30 million in credit from the Venezuelan National Bank for Economic and Social Development (BANDES), which the Honduran National Bank for Agricultural Development (BANADESA) will use to support lending to small farmers, and to receive a donation of 100 Venezuelan/Iranian tractors.

14. (SBU) The ALBA dicatmen was considered only once, although congressional rules generally require three readings of a document before it can pass. (Note: It is not uncommon that the rules regarding three readings are suspended in the case of emergencies or when there are time sensitivities. End note.) Members added several "reservations" to the document, including a statement that the Congress reserved the right to reject all aspects of this agreement that come to contradict the accepted "principles" of the country; threaten its assets or natural resources; or go against guaranteed property rights, free trade, or any other rights guaranteed by the constitution. At the end of the document they added a statement asserting that the agreement on ALBA does not contain any obligation that requires Honduras to compromise its freedoms, sovereignty, and self-determination, and does not contain any military, political or ideological component.

15. (C) Many members of Congress spoke out against ALBA, but in the end, once the reservations were put in place, the agreement passed by a show of hands. (Note: An electronic voting machine is installed in the Congress, but it has never been used, as most members seem to prefer some level of anonymity in their voting. End Comment.) It is impossible

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to know at this point exactly who voted in favor, but it appears that all the members of the Liberal Party who were present supported the measure, with the exception of Martha Lorena Alvarado de Casco, who spoke out energetically against it. The National Party abstained, the Christian Democrats voted in favor, the Democratic Unification Party (UD) voted in favor, and the National Innovation and Unity Party (PINU) vote was split. Press is reporting that most National Party members did not show up for the vote.

Comment

16. (C) Of note is the fact that President of the Congress Roberto Micheletti was glaringly absent from the vote. Micheletti was home recuperating from throat surgery. Insiders tell us he has known for some time he should have this elective procedure done, but he waited until a propitious moment to schedule the surgery. In addition, first Vice President Lizzy Flores was also absent. Flores told friends at a party on October 8 that she would not be caught anywhere near the approval of this agreement. Flores' father, former President Carlos Flores, who publishes one of Honduras' major dailies, La Tribuna, indirectly showed his opinion on the ALBA passage by placing the story on page 124 of his newspaper. Second Vice President Juan Ramon Velasquez Nazar of the Christian Democrats was also mysteriously absent, as was Micheletti lieutenant and presidential offspring Jose Azcona. The vote was thus directed by third Vice President Victor Sabillon.

17. (C) Comment, cont.: The vote appeared to be called before the primary elections so that members could exchange their votes for "subsidies" to their campaigns. Many businesspeople and the political class expressed dismay that ALBA passed so easily. Business people also expressed disillusion with their own member organizations -- such as the Honduran Private Enterprise Confederation (COHEP) -- for not mounting a more effective campaign against ALBA. Several have noted both publicly and in private conversations with us that the presidents of every other ALBA country have sought to nationalize private property, curtail civil liberties and extend their terms in office.

18. (C) Comment, cont.: Ironically, however, the passage of

ALBA contribute to bringing Zelaya back into the mainstream. To secure the support/acquiescence of Congressional leader Micheletti, who is considered to be a centrist, Zelaya publicly endorsed Micheletti's Presidential candidacy and announced he will be joining him on a campaign swing throughout Honduras. We have heard that in exchange for Zelaya's support, Micheletti will also be adding the President's insiders onto his congressional slates after the primaries. (Note: Although the candidates are supposed to be set at this point, many are actually just serving as "seat warmers." Traditionally candidates are offered plum positions in different Ministries in exchange for giving up their seats at the last moment. End Note.) Zelaya was also apparently thrilled that his close advisor and Energy Minister Rixi Moncada had been added to the lists of candidates for the Supreme Court. So if Zelaya feels comfortable that his future out of office is secured by having friends in the Congress and on the Supreme Court, he may be less inclined to maneuver to remain in power beyond the end of his constitutional term. We believe a desperate, isolated, and threatened Zelaya is much more dangerous than one who has made peace with his Liberal Party cohorts. And if oil prices continue to decline, ALBA will not be able to fulfill the rising expectations of average Hondurans, and the debt Honduras will incur to Venezuela during the balance of Zelaya's term will be less burdensome on Zelaya's successors.

End Comment.

LLORENS